

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SS-20 SP-02 L-01 EB-04 COME-00 FEA-01

NSC-05 CIAE-00 INR-05 NSAE-00 RSC-01 SAM-01 IO-04

EURE-00 DRC-01 /058 W

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P R 151130Z OCT 74

FM AMEMBASSY NICOSIA

TO SECSTATE WASHDC PRIORITY 0286

INFO AMEMBASSY ANKARA

AMEMBASSY LONDON

AMEMBASSY ATHENS

C O N F I D E N T I A L NICOSIA 3584

E.O. 11652: GDS

TAGS: PINT, EINV, CY, TU

SUBJECT: TURK CYPRIOT REQUIREMENT FOR REGISTRATION FOREIGN

COMPANIES: CASE OF CYPRUS MINES CORPORATION (CMC)

REF: A) NICOSIA 3478, B) STATE 222789, C) NICOSIA 3509

1. ALAN BAKEWELL, CMC MANAGER, BRIEFED EMBASSY OCTOBER 14 ON RECENT DEVELOPMENTS AT HIS COMPANY'S XEROS (KARAVOSTASI) OPERATION (REF A).

2. ON OCTOBER 3, SHIP FROM TURKISH AZOT COMPANY DOCKED AT KARAVOSTASI TO ONLOAD PYRITE ORE PER CONTRACT PREVIOUSLY ARRANGED WITH CMC. ACCORDING TO BAKEWELL, CMC ASKED AND OBTAINED PERMISSION FROM GOC COUNCIL OF MINISTERS AND ACTING PRESIDENT CLERIDES TO CARRY OUT TRANSACTION. LOADING WAS PERFORMED AND SHIP DEPARTED WITHOUT INCIDENT.

3. ON OCTOBER 4, SECOND SHIP FROM AZOT ARRIVED UNEXPECTEDLY AND REQUESTED ONLOADING OF PYRITE ORE. WHEN CMC REFERRED REQUEST TO GOC, PERMISSION WAS REFUSED AND WARNING GIVEN THAT CMC WOULD BE IN VIOLATION OF LAW IF EXPORT EFFECTED. (ON OCTOBER 4 GOC ANNOUNCED DECREE THAT THREE PORTS OF FAMAGUSTA, KYRENIA AND
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KARAVOSTASI WERE NO LONGER LEGAL POINTS OF ENTRY OR EXIT FROM

REPUBLIC OF CYPRUS (REF C). CMC EXPLAINED POSITION TO TURK AUTHORITIES IN KARAVOSTASI AND REFUSED TO LOAD, CITING "FORCE MAJEURE." AFTER SEVERAL DAYS OF SPARRING, TURKISH MILITARY COMMANDER CALLED CMC'S TURK SUPERVISOR TO OFFICE AND ORDERED HIM TO CARRY OUT UNLOADING "OR ELSE." COMMANDER STATED THAT "WHAT GREEKS CAN DO TO CMC IS NOTHING TO WHAT TURKEY CAN DO." CMC'S TURK REPRESENTATIVE THEREUPON SUPERVISED UNLOADING. ALL PAPERS WERE SIGNED WITH NOTATION "UNDER DURESS." SECOND SHIP DEPARTED OCTOBER 9.

4. ACCORDING TO BAKEWELL, DURING THIS ENTIRE TRANSACTION CMC REAFFIRMED ITS POSITION TO BOTH GOC AND TURK AUTHORITIES THAT IT ACTING UNDER DURESS AND AGAINST ITS WILL, WITH NO OTHER OPTION IN VIEW OF TURKS' IMPLIED THREAT OF PHYSICAL COERCION.

5. ON OCTOBER 13, THIRD AZOT SHIP ARRIVED AT KARAVOSTASI, ALSO WITHOUT PRIOR NOTIFICATION TO CMC, WITH ORDER FOR 10,000 TONS PYRITE ORE. THIS BY FAR BIGGEST SHIPMENT AND CMC ANTICIPATES MAGNIFIED DIFFICULTIES VIS-A-VIS GOC. BAKEWELL IS CALLING ON TURKISH AUTHORITIES IN NICOSIA OCTOBER 14 AND WILL ALSO ADVISE MINISTERIAL LEVEL OF GOC. BAKEWELL STATES THAT CMC REFUSED TO TAKE PAYMENT FOR SECOND SHIPMENT, IN ORDER TO SUPPORT POSSIBLE CLAIM AGAINST TURKEY FOR "CONFISCATION," WHICH CMC'S LOS ANGELES OFFICE NOW CONSIDERING. HE PLANS TO PURSUE SAME TACTIC WITH REGARD PENDING SHIPMENT.

6. BAKEWELL SAYS THAT CMC MAY APPROACH DEPARTMENT WITH REQUEST FOR FORMAL COMPLAINT TO GOT.

7. IF BAKEWELL REQUESTS HELP, WE PLAN TO POINT OUT TO GOC CMC'S EXTREMELY DIFFICULT POSITION BETWEEN AND BETWEEN, AND ASK THAT GOC NOT ACT PRECIPITATELY IN PENALIZING CMC FOR BOWING TO TURK PRESSURE.

8. CMC IS CONCERNED THAT TURKS WILL USE FOUR CMC AMERICAN FAMILIES REMAINING IN KARAVOSTASI AREA AS LEVER TO ENSURE CMC COMPLIANCE AND IS THEREFORE EVACUATING THEM TO GREEK CYPRIOT TERRITORY OCTOBER 15. CRAWFORD

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